

Southern Illinois University Carbondale OpenSIUC

Honors Theses

University Honors Program

5-2013

Built on Friendship: A Study of Formal and Informal Business Culture in Carbondale, Illinois

Sarah E. DePuy

Southern Illinois University Carbondale, jumpingbeans13@hotmail.com

Follow this and additional works at: http://opensiuc.lib.siu.edu/uhp_theses

Recommended Citation

DePuy, Sarah E., "Built on Friendship: A Study of Formal and Informal Business Culture in Carbondale, Illinois" (2013). *Honors Theses*. Paper 359.

This Dissertation/Thesis is brought to you for free and open access by the University Honors Program at OpenSIUC. It has been accepted for inclusion in Honors Theses by an authorized administrator of OpenSIUC. For more information, please contact opensiuc@lib.siu.edu.

**BUILT ON FRIENDSHIP: A STUDY OF FORMAL AND INFORMAL BUSINESS
CULTURE IN CARBONDALE, ILLINOIS**

Sarah DePuy

A thesis submitted to the University Honors Program
in partial fulfillment of the requirements for the
Honors Degree

Southern Illinois University

May 8, 2013

Introduction

“All lasting business is built on friendship.” –Alfred A. Montapert

At first glance, the structures of late capitalism in the 21st century appear to affect only those sectors of formal, structured business practices in large urban centers. While both capitalism and post-modernism in urban areas like Chicago are the subject of lengthy, theoretical discourses, I have chosen to look at the ways in which these and other, more marginal forms of business practices form and sustain themselves in smaller, rural communities.

For this project, I conducted research into the nature of the diverse form of business cultures in Carbondale, Il and exploring the creation of identity of informal and international communities. The goals of my research include the exploration of the ways in which members of the Carbondale business community form their own unique identities in relation to their socio-economic means and the ways in which they legitimize or formulate their business practices within the community. While these particular subjects are generally the concern of sociologists and economists, I believe that the application of Anthropological and ethnographic theory has increased the understanding and perspective of this topic.

My interest in this subject began when I read Chrystia Freeland’s (2012) book *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else*. In it, she documents the formation of the global plutocracy, the materialization of an elite class based on economic internationality and globalism. Freeland writes that "increasingly, I think you are actually seeing what, ironically, was the dream of Marxists...you are seeing the emergence of an international class" (Freeland 2012: 18). In Freeland’s work,

the formation of the international class, and therefore global communities, was the work of the plutocrats, the type of individuals who compose the 1% of American elite culture. These individuals have amassed considerable wealth based on the practices of international business and formed a particular mindset and relationship towards a distinctly American work ethic. For Freeland, the Plutocrats are at the top not only because they worked hard but also because they got there first (Freeland 2012: 3).

But what exactly is this new “international class” and can it be so easily determined and recognized? Is the primary foundation of this class based on wealth, or are international relationships and connections the more dominant features?

One drawback of Freeland’s approach to elite culture is that it is based on the assumption that an elite class exists as a recognized entity among members of a particular economic background. This is what anthropologist Claudia Strauss describes as “general forms of consciousness” in relation to elite commodities and theoretical descriptions; that is the assumption or belief that elite culture exists within an inherent, pre-existing hierarchy rather than as a part of an actively evolving and constantly changing social landscape where legitimizing narratives are formed and established by individuals and groups (Strauss 1997: 363). In *Partly Fragmented, Partly Integrated: An Anthropological Examination of "Postmodern Fragmented Subjects"*, Strauss continues her interpretation and critique of the idea that post-modernist identities are inherent to 21st century American culture (Strauss 1997: 365). Rather, through her own ethnographic research, Strauss confirms that while certain individuals express histories and opinions that coincide with the idea of fragmentary narratives (or *schemas*), they also reveal areas of middle ground that do not conform to specifically, compartmentalized perspectives

associated with late capitalism (Strauss 1997: 371).

Part of my research for this paper was based on exploring these connections and the ways in which they operate in smaller business communities. It is my belief that international and inter-local communities share similarities in structure and are maintained and promoted by forces outside of the control of their owners. In order to delve deeper into the questions posed by Freeland and Strauss, I first spoke with John Martin from the SIU Small Business Development Center in order to gain a broader understanding of the ways in which business owners can utilize these resources.

In exploring questions of international culture I interviewed Mr. Kallis, the owner of Pita Alley, located in the Murdale shopping district. I also interviewed Michelle Gibson, an independent stylist, whose work is composed of inter-local connections and relationships. In examining the informal economy I interviewed Chris Elliot, a member of the Carbondale community who owns an floral home business. Finally, I examined the nature of social networking and the rise of online markets on sites such as Facebook and Craig's list, in order to explore the ways in which a local and international informal economy can be realized within current post-modern capitalist structures.

Carbondale Business Community

In order to gain a better understanding of the nature of small business ownership within Carbondale I spoke with John Martin, a programs coordinator with the Illinois Small Business Development Center. The Development Center attached to Southern Illinois University provides many invaluable services and promotes the interests of entrepreneurs and business owners within the region of Southern Illinois.

"We're funded by the Commerce and Economic Opportunity as well as other state sources. We have the educational component, being attached to the University, as well as strong programs where we can work with our clients and help them succeed at each level.

When asked about the type of businesses that make use of these services, Mr. Martin stated that the Center's main clientele is composed of beginning entrepreneurs and individuals/groups starting or relocating small businesses.

"We have a wide spectrum, from hobby businesses to a multi-million dollar plant. It's really a range, whatever people want to do we assist them, help them make their plans and goals stronger. Since this is a rural area, we have a lot of people going into service businesses, but again it really just depends on what the person wants to achieve."

Currently, the Center has focused its programs on incorporating technology into small businesses and services, showing clients how to effectively utilize social media sites like Facebook with a program programs called *Using Social Media to Market Your Business*.

Business as Food

In *Culture and International Business* Kwok Leung (2005) examines the impact of national culture on international business practices. She defines national culture as "values, beliefs, norms, and behavioral patterns of a national group" and one that is "a multi-level construct that consists of various levels nested within each other" (Kwok 2005: 357). One of the models Leung uses to illustrate this point is composed of a set of concentric circles starting with the all-encompassing Global Culture which filters through

subsequent, diminishing circles to reach Individual/Behavioral values. Following this, it becomes impossible to discuss any business practice, whether formal or informal, without recognizing at least an indirect relationship towards forming global culture.

In examining the structures of international business and culture in this article I began to look to examine the role of international food culture in forming understandings of global culture. An acquaintance of my mother, Rachael Halkias is a close friend of the owner (Mr. Kallis) of the newly established Turkish restaurant, Pita Alley. Located in the Murdale shopping district, Pita Alley opened in November of 2011. It features authentic Mediterranean cuisine, from Shawarma to Baba Ganoush. Mr. Kallis, who grew up in Turkey before moving to the United States, started his restaurant in order to maintain cultural ties with his native country as well as create a viable source of income for his family.

“Carbondale is a good place for this kind of restaurant. There’s a lot of diversity when it comes to food and places to eat. There was another place, called El Greco, but it closed down, so I’ve picked up some of those customers. I guess I tried to create as much variety as possible, not just one type of food. Since we opened we’ve added a few alternatives to try and respect everyone’s food preferences, such as rice instead of French fries. We have a lot of regular customers now, from all over, not just Carbondale.”

Rachael Halkias, whose background is a mixture of Greek and Armenian, uses the restaurant as a meeting place for members of her extended family who live in the United States and abroad.

"I love that this restaurant is here. I don't think there's ever really been a true Mediterranean restaurant in Carbondale before. When I come here and when my extended family travels to Carbondale we not only reconnect with each other but we also feel connected to our past. We talk about different recipes and ingredients, how our parents and grandparents made certain dishes. When we're talking we feel this connection, back to our home culture."

Business as Service

In *Language Workers: Emblematic Figure of Late Capitalism*, Josiane Boutet (2012) discusses a concept that appears to be at the heart of post-modern capitalist production; principally, the diverging forces within this form of capitalism which are expressed on the one hand by standardization, commodification, and off-shoring and on the other by diversity, social connections, and regionalization. The later part of this argument comes into play in my next interview.

Marry Gibbon received her degree from Carbondale before moving to Chicago. She worked as a stylist for two and a half years in different salons, such as Aveda and She and her husband, Ben, then decided to move to Carbondale and after a few years, Mary started her own home business, working as an independent hair stylist. When I asked her about how she began she described her motivation for opening her business. "Well, we first moved to Carbondale because Ben started going to SIU. Then, I found out I was pregnant with Sophie, and I didn't want to be away from the house all day, but I still wanted to work. The first house we

lived in was huge, Victorian style, a very old house. I had my business set up in the front; it was very convenient for awhile. But eventually the house was too old and as Sophie got older I just didn't feel comfortable having so many people coming in and out. So we moved here."

Located a block from the Murdale shopping district, her new location provides a clearer separation between her business and private life. An outer building behind the house provides the perfect space for Michelle to see to her clients and manage her business without leaving home. She also described how owning her own business has become an inherent part of her identity.

"It's actually surprising, but I'm usually not a very social person. Ben (husband) usually has to drag me out of the house and I'm not very comfortable talking to people at parties. But when I'm here (outer building) I feel more confident, because I really know what I'm doing, and I guess it also forces me to be more social with my clients."

Marys' method of promoting her business is minimal, but effective. Her main means of promotion is through business cards. Established clients recommend her to friends and family, creating a chain of individuals all socially linked to Michelle and her business through each other, rather than to the business itself. I found out about her by talking to a member of my church in Carbondale. She gave me Marys' card and talked about how wonderful she was and how all of her (the lady from church) friends went to her.

"I have about four main groups of people. There's the high schoolers, they're pretty regular customers, especially around prom. I also have a lot

of teachers who come in as well, not just from Carbondale but also from Murphysboro and Carterville. Then there's the, well I guess you would call them the high business class, lawyers, doctors, very professional people. And finally I have what I call the Herin/Carterville group. There all best friends and they all come to me to get there hair done so I always know what's going on in their group."

This is similar to what George P. Moschis (1976) describes in *Social Comparison and Informal Group Influence*. The premise of his article is to theorize and evaluate the ways in which the member of a particular group uses the another member as a reference point based on their shared life experiences, beliefs, and goals (Moschis 1976: 238).

When other members are used as reference points, the individual will create dialogue in order to determine the "correctness" of their appearance or product. The person acting as the reference point will either confirm or redirect the individual through both speech and body language (Moschis 1976: 239). Individuals who strongly identify with each other, in this instance based on hair styles and general appearance, will reaffirm the use of the product or service, so long as it fits their individual and social identities. Moschis (1976) concludes with the statement that interpersonal relations have the ability to greatly enhance the distribution of products and ideas. Certainly, this appears to be the case with Michelle's clientele base.

For Mary, being able to set her own schedule and determine her work load is both liberating and fulfilling. She is also aware of how flexible her work is, something which allows her to have more time and flexibility to care for her daughter.

"I really like my business. I'm in control, I don't have a boss and I'm

responsible for my own work. I like being independent. I've realized that I work more than when I was in the salon, sometimes I become a work-a-holic."

In examining her business practices I would describe them as semi-formal. She has a special use permit from the city of Carbondale but she does not actively promote her business or seek to open her own salon. Her work consists of maintaining the connections established by her older clients with her new ones. Her clients come mainly from the Carbondale area but they are composed of a large, informal social chain, connecting each customer to Michelle's business.

Informal Economies and Practices

"If 'informal' must mean economically marginal, then what do we call informal economic activities by thriving businesses with substantial incomes?" (Light 2004: 709).

Traditionally, the informal economy has been the subject of academic discourse in areas outside of the United States. Developing and third-world countries in regions of Africa and South America have been the study of extensive research by anthropologists and serve as a basis of comparison (however ill-suited) for more developed, formal economies. In, *From Migrant Enclaves to Mainstream: Re-conceptualizing Informal Economic Behavior*, Donald W. Light (2004) examines the origins of the informal economy in academic discourse and proceeds to question the dualistic nature of informal and formal economies (Light 2004: 707). For Light, informal economic behavior is "relational and reciprocal in character... embedded in networks of bounded solidarity and tacit trust" (Light 2004: 710). I believe that when he uses the term "trust" he is extending it to both the business owner and the client; that such a level must be already

existing or able to exist between both parties before, during, and after the transaction in order for informal economic behavior to be successful. Part of this concept is illustrated in the following interview.

Christine Elliot runs a small home business centered on floral arrangements and decorations. After her divorce, Chris found that she needed a means of economic support and work that also reflected her interests and Christian beliefs. In 2010, she began an informal business in her garage, creating floral arrangements for weddings, funerals, and other special occasions. Since then, her business practices and structures have remained largely the same. Part of what makes her story unique (compared to my other interviews) is that she does not have a business license nor is she seeking to enter the more formalized world of business.

Her main deterrent is that does she have the resources to launch her own small business and compete with other, more established stores, like Hobby Lobby. However, Chris also believes that part of what makes her “unofficial” business so meaningful is that she has direct, personal relationships with her clients. Her clientele is mainly composed of neighbors, family members, close friends, and members of her church. She considers it a business because she is paid for her work but her close associations with her customers allows her to transcend formal boundaries and “give gifts of time and beauty” back to her community.

Web based Economies: Red Bud Swap and Sell

Thus far I have examined both formal and informal business practices in relation to Carbondale, Illinois. While these two categories may appear to encompass the entirety

of the business community, there is another emerging sector that also contributes, and in some ways, shows the overall influence of these two spheres of enterprise. While many, formal, mainstream businesses have previously established websites in order to further market their products and those of their affiliates, online trading centers have arisen and gradually developed into their own centers of business.

With the advent of online shopping also came the online garage sale. Sites such as EBay and Crag's List are active forums for commercial activities where the transactions lie entirely between owner and buyer. Similar to other grass roots movements, these sites have been transformed into spaces where traditional capitalistic practices and products are redistributed and reconstituted as personal goods belonging to the individual which are capable of being disposed of as they choose (Light 2004: 724). While the products themselves are still the result of the capitalist market system, they are taken out of both formal and informal markets and redefined through semi-formal business relations. The sites themselves are formal, goods are bought and sold according to the needs and desires of the buyers and the sellers (Light 2004: 726).

However, unlike in the formal market system, the goods are not created nor commissioned by the sellers; rather the original buyer becomes the new seller. The relations between buyer and seller are again similar to those of the informal market, in that items and prices are agreed upon through discussion and personal contacts (Verlar 1972: 506). This new category reflects what I believe to be the new trend in post-modern capitalism; the ability of the buyer to move between the traditional positions of buyer and seller in a growing local, national, and international semi-formal market economy. To illustrate this point I examined one branch of this trend on the global website, Facebook,

created in 2004 by Mark Zuckerberg.

The site I examined is called the Redbud Swap and Sell. It was created in 2010 by a group of friends living in the Redbud, Waterloo, and Carbondale/Murphysboro areas.

In an interview with one of the original creators of this page, Shawn Liefer, spoke about how the site was formed, it's goals, and the ways in which it has grown over the years.

"We started out by wanting to create a space to sell things that our children had grown out of. Our children are all mostly grown up and out of the house, we all kind-of had this feeling that we didn't need so much stuff in our lives but a lot of it was just too good to donate. Craigslist is, of course, the most popular site to sell items online, but we wanted something that would be more private, less out there. So we decided to use Facebook and make it a private page where current members can invite new members, but new members can't join without an invitation."

Currently the site has over two-thousand active members. Shawn went on to describe the nature of the site and the different types of objects sold:

"The members sell pretty much everything, from Nancy Drew books to furniture. It's more like an online yard sale. Sellers post images, name a given price, and wait for the other members to comment. It's really interesting to read all the comments, especially when the seller tells stories about the item, where it came from, why it was purchased, and so on. After a while you get to know people really well on the site."

At first glance, this type of informal market system does not readily fall under the main tenants of business modals. However, these forums have become centers for what

Sayer P. Schatz calls socializing adaptation; basically that one of the key functions of capitalism in the 20th and 21st centuries is its ability to adapt to the decision-making system (Schatz 1987: 162). The decision-making system is the means through which buyers determine which products and services to use based on social relationships with other individuals outside of the seller's control. When the decision-making system is more fully integrated into a given capitalist venture, there is also an increase in regards to products and/or services purchased (Schatz 1987: 164). The Redbud Swap and Sell site effectively utilizes its members as part of the process of this socializing adaptation, wherein they act as both the producers of the objects and actors in the decision-making system.

Analysis and Conclusion

The main purpose of my research was to sample various types of business practices and services within the city of Carbondale, IL. Following this, I have included members of the formal, semi-formal, and informal business communities as well as examining the growing trends in online communities and market systems. In order to understand my sampling more, I used Lee Fleming, Charles King, and Adam Juba's (2007) work, *Small Worlds and Regional Innovation*. This article uses previous studies based on regional culture in the Midwest to investigate the inter-local and national connections formed by individuals and groups and the ways in which they establish international networks (Fleming 2007: 942). The article recognized the ways in which public and private networks that connect individuals to their businesses and contribute to their business practices.

The business owners I interviewed have created and maintained a system of

integration between their public and private lives. Michelle utilized her business practices in order to strengthen ties with her child while maintaining economic independence.

Chris Elliot set up her floral home business as a means personal support and connection within her neighborhood and community. The Red Bud Swap and Sell also synthesizes diverse individuals, creating new social structures and relationships across the region of Southern Illinois.

During this project, the focus of my research changed based on the nature of my contacts and my own interests on this topic. At first, I was inspired by Freeland's *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else* and the goals of my project were centered around elites business cultures and practices. However, the more I studied this topic and began my unstructured interviews, I realized that my sources were leading me in an entirely different, but related, direction.

My research into the business culture of Carbondale only grazed the surface; there are many more opportunities for further study and research. Given that there is very little scholarly research on the different levels and types of business structures in Carbondale I believe that further research should be conducted in regards to the nature of both formal and informal practices. In future studies, I would focus strictly on the informal business economy, drawing my interviews from business owners who either do not promote their own businesses (like Mary) or those whose businesses do not operate according to the strictly legal framework of the city of Carbondale.

In dealing with questions of international culture I would focus more on the food industry in Carbondale and how cultural practices are transmitted through unique dining experiences. I would examine a variety of restaurants such as Pita Alley, Di Maggios

Italian Risterante, Thai Taste, and Little Cuba. My study was just the beginning of what could be a very substantial project, covering either informal or international food culture in Carbondale.

Bibliography

Boutet, Josiane.

2012 Language Workers: Emblematic Figures of Late Capitalism. *In* Language in Late Capitalism: Pride and Profit. Alexandre Duchene and Monica Heller, eds. Pp. 207-229. New York: Routledge.

Fleming, Lisa and Charles King, III and Adam I. Juda.

2007 Small Worlds and Regional Innovation. *Organizational Science* 18(6): 938-954.

Freeland, Chrystia.

2012 Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else. New York: Penguin Press.

Leung, Kwok Rabi S. Bhagat, Nancy R. Buchan, Miriam Erez and Cristina B. Gibson.

2005 Culture and International Business: Recent Advances and their Implications for Future Research. *Journal of International Business Studies* 36(4): 357-378.

Light, Donald W.

2004 From Migrant Enclaves to Mainstream: Re-conceptualizing Informal Economic. *Theory and Society*, 33(6): 705-737.

Moschis, George P.

1976 Social Comparison and Informal Group Influence. *Journal of Marketing*

Research 13(3): 237-244.

Schatz, Sayre P.

1987 Socializing Adaptation: A Perspective on World Capitalism. *In* Post-imperialism: International Capitalism and Development in the Late Twentieth Century. David G. Becker, Jeff Frieden, Sayre P. Schatz, and Richard L. Sklar, eds. Pp. 161-177. Boulder & London: Lynne Rienner Publishers.

Strauss, Claudia.

1997 Partly Fragmented, Partly Integrated: An Anthropological Examination of Postmodern Fragmented Subjects. *Cultural Anthropology* 12(3): 362-404.

Verlar, Suhrkamp.

1972 Late Capitalism. London: Thetford Press Limited.